

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC INVESTIGATION OF JOHNSON)	
COUNTY GAS COMPANY, INC. AND BUD RIFE,)	CASE NO.
INDIVIDUALLY AND AS AN OFFICER OF)	2019-00056
JOHNSON COUNTY GAS COMPANY, INC.)	
ALLEGED VIOLATION OF KRS 278.300, A)	
COMMISSION ORDER, AND A TARIFF)	

ORDER

On March 28, 2019, Johnson County Gas Company, Inc. (Johnson County), and Bud Rife (Mr. Rife) filed a joint motion requesting an extension of time to respond to requests for information and a continuation of the hearing scheduled for April 24, 2019. Johnson County and Mr. Rife requested an extension from March 28, 2019, to April 4, 2019, to file supplemental responses to Commission Staff's First Request for Information (Staff's First Request), and from March 28, 2019, to April 18, 2019, to respond to the Attorney General of the Commonwealth of Kentucky, by and through the Office of Rate Intervention's (Attorney General) First Request for Information (Attorney General's First Request). Johnson County and Mr. Rife also request to continue the April 24, 2019 hearing to the week of May 20, 2019.

As a basis for the requests, Johnson County and Mr. Rife state that the voluminous number of requests contained in Staff's First Request and Attorney General's First Request, and the limited number of staff available to respond to the requests, made it difficult to timely respond. Johnson County and Mr. Rife were silent as to the basis to request a continuation of the hearing.

This is Johnson County and Mr. Rife's second request for an extension of time to respond to the requests for information. We note that Johnson County and Mr. Rife were served with Staff's First Request on March 6, 2019, and with the Attorney General's First Request on March 7, 2019. On March 10, 2019, counsel for Johnson County and Mr. Rife requested an extension of time to file a response to the Order opening this proceeding and an extension of time from March 15, 2019, to March 28, 2019, to file responses to the pending requests for information. The Commission granted the extension of time and amended the procedural schedule by Order entered March 13, 2019.

Based upon the motion and case record, and being otherwise sufficiently advised, the Commission finds that Johnson County and Mr. Rife failed to establish good cause to grant an extension of time to fully respond to the requests for information that have been pending for 22 and 21 days, respectively. The issues raised in this proceeding are rather limited and involve promissory notes executed by Johnson County and Mr. Rife in December 2018 without prior approval of the Commission, and failure to file quarterly gas cost adjustment requests (GCA) pursuant to its tariff and a Commission Order. Johnson County and Mr. Rife received notice that requests for information would be issued on or before March 8, 2019, in the February 27, 2019 Order opening this proceeding. Staff's First Request and the Attorney General's First Request were submitted two days and one day, respectively, prior to the procedural due date. Johnson County and Mr. Rife filed incomplete responses to Staff's First Request on March 27, 2019. Johnson County and Mr. Rife's motion requesting a second extension to respond to the Attorney General's First Request was not filed until late in the evening of March 28, 2019, the date the

responses were due. Despite failing to establish good cause, the Commission finds that an extension should be granted only because Johnson County and Mr. Rife have already missed the date granted under the first extension. The Commission finds that supplemental responses to Staff's First Request and responses to the Attorney General's First Request should be filed no later than April 4, 2019. The Commission also finds that no further extensions of time will be granted.

The Commission finds that Johnson County and Mr. Rife failed to establish any basis to continue the April 24, 2019 hearing. While there are larger issues regarding financial transactions between Johnson County and closely held entities owned and controlled by Mr. Rife, those issues are appropriately addressed in another proceeding that addresses the financial issues involving all regulated utilities owned and controlled by Mr. Rife, rather than in this proceeding. As noted above, the issues in this proceeding are limited to the alleged violation of KRS 278.300 by issuing three promissory notes that were executed on December 28, 2019, and failure to file a quarterly gas cost recovery request. Johnson County admitted that it violated its tariff and the Commission's Order because it failed to file the quarterly GCAs. Although Johnson County and Mr. Rife filed a revocation of the notes on March 21, 2019, they did not expressly admit that they violated KRS 278.300 by issuing three evidences of indebtedness without prior Commission approval.

Finally, the Commission finds that the provision for supplemental requests and responses to supplemental requests should be stricken from the procedural schedule that was amended on March 13, 2019. With Johnson County and Bud Rife's admission of failing to file quarterly GCAs, the issues in the April 24, 2019 hearing are limited to the

three promissory notes. The parties will not be prejudiced by limiting requests for information to one round. Johnson County and Mr. Rife's responses to requests for information will be filed with sufficient time for parties to review prior to the hearing. Additionally, the parties will have the opportunity to cross-examine witnesses at the April 24, 2019 hearing and obtain post-hearing responses to requests for information asked but not answered or provided at the April 24, 2019 hearing.

IT IS THEREFORE ORDERED that:

1. The motion of Johnson County and Mr. Rife for an extension of time is granted in part and denied in part.
2. The motion of Johnson County and Mr. Rife for an extension of time until April 4, 2019, to file supplemental responses to Staff's First Request is granted.
3. The motion of Johnson County and Mr. Rife for an extension of time until April 18, 2019, to file responses to the Attorney General's First Request is denied.
4. The motion of Johnson County and Mr. Rife for a continuation of the April 24, 2019 hearing is denied.
5. Johnson County and Mr. Rife shall file supplemental responses to Staff's First Request and responses to the Attorney General's First Request no later than April 4, 2019.
6. The provision in the March 13, 2019 procedural schedule for Johnson County and Mr. Rife to file responses to initial requests for information is amended to reflect the responses to initial requests for information shall be filed no later than April 4, 2019.

7. The provisions in the March 13, 2019 procedural schedule for filing supplemental requests to Johnson County and Mr. Rife no later than April 4, 2019, and for Johnson County and Mr. Rife to file responses to the supplemental requests no later than April 17, 2019, are stricken.

8. All provisions of the March 13, 2019 procedural schedule that are not in conflict with the terms of this Order shall remain in effect.

9. No further extensions of time to respond to the initial requests for information shall be granted.

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By the Commission



ATTEST:


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